

## Message Text

SECRET

PAGE 01 STATE 190972

64

ORIGIN NODS-00

INFO OCT-01 ISO-00 /001 R

66011

DRAFTED BY: E:JESSICA EINHORN

APPROVED BY: E:JEINHORN

S/S-MR. SEBASTIAN

----- 107737

O 022333Z AUG 76 ZFF4

FM SECSTATE WASHDC

TO AMEMBASSY LONDON IMMEDIATE

S E C R E T STATE 190972

NODIS

FOR UNDER SECRETARY ROGERS

FOLLOWING REPEAT TEHRAN 7765 ACTION SECSTATE 1 AUGUST 76.

QUOTE

S E C R E T TEHRAN 7765

NODIS

FOR THE SECRETARY FROM AMBASSADOR

E.O. 11652: XGDS-1

TAGS: MILI, IR, US

SUBJECT: YOUR VISIT TO TEHRAN: THE SHAH'S MOOD AND MAJOR ISSUES

1. COMPLICATING FACTOR IN OUR WORK THESE PAST WEEKS OF  
PLANNING YOUR VISIT HAS BEEN STRONG DESIRE ON PART OF  
GOI TO MAKE YOUR STAY AS USEFUL TO YOU AS POSSIBLE.  
THERE HAS BEEN GREAT RELUCTANCE TO MAKE ANY ARRANGEMENTS  
THAT MIGHT NOT MATCH YOUR PREFERENCES. CLEARLY, IRANIANS  
SEE YOUR TRIP IN VERY PERSONAL TERMS, AND IN CONTEXT OF  
HIGH REGARD SHAH HAS FOR YOU. YOU WILL FIND THE SHAH  
AS CORDIAL AS EVER AND APPRECIATIVE OF YOUR EFFORTS IN

SECRET

SECRET

PAGE 02 STATE 190972

THIS REGION AND THE WORLD AT LARGE.

2. THERE ARE, HOWEVER, TWO FEATURES OF THE SHAH'S MOOD THAT HAVE ACQUIRED CONSIDERABLE IMPORTANCE SINCE YOU LAST SAW HIM. FIRST IS IRANIAN FEELING OF BEING "PUSHED AROUND" OR USED BY THE US. SECOND IS A CONCERN THAT THE US LACKS POLITICAL WILL TO DEAL EFFECTIVELY WITH ITS ADVERSARIES AND THAT IT MAY RETREAT TO NEO-ISOLATIONISM. UNDERLYING BOTH OF THESE CONCERNS IS GOI FRUSTRATION OVER DIMINISHED OIL REVENUES, PERSISTING WORLD INFLATION AND HEAVY IRANIAN DEMANDS FOR DEVELOPMENT. ALTHOUGH CRUDE OFF-TAKE HAS RECOVERED FROM THE LOW LEVELS REACHED 6-8 MONTHS AGO, CASH FLOW PROBLEM IS STILL QUITE SERIOUS AND LARGE NUMBER OF PROJECTS HAVE HAD TO BE CUT BACK OR DELAYED. IN OTHER WORDS, SHAH'S GRANDIOSE VISION OF IRANIAN DEVELOPMENT HAS HAD TO BE SCALED DOWN BOTH IN TERMS OF NATION'S INTERNATIONAL ROLE AND CIVILIAN AND MILITARY DEVELOPMENT PROGRAMS. AS YOU ARE AWARE, SHAH IS NOT A LEADER WHO LIKES TO OPERATE WITHIN EXTERNALLY IMPOSED CONSTRAINTS.

3. FOR THIS REASON, HE IS PARTICULARLY SENSITIVE TO WHAT MAY APPEAR TO BEING "PUSHED AROUND" BY THE US MAINLY ON FOUR ISSUES:

(A) BASIC DISAGREEMENT BETWEEN US AND IRAN OVER IRAN'S PLANS FOR NUCLEAR DEVELOPMENT CENTER ON OUR DESIRE FOR FIRM CONTROLS OVER REPROCESSING OF NUCLEAR FUELS AND IRAN'S UNWILLINGNESS TO CONCEDE ANY OUTSIDE INTERFERENCE WHICH MAY DEROGATE FROM ITS SOVEREIGNTY. IRAN WANTS OUR TECHNOLOGY AND FINANCIAL PARTICIPATION IN DEVELOPMENT OF NUCLEAR CAPABILITY WHICH SHAH EXPECTS TO FILL GAP AS PETROLEUM OUTPUT DECLINES DURING DECADES AHEAD. IRAN WANTS OUR ASSISTANCE ON COMMERCIAL TERMS WITHOUT OUR POLITICAL INTERFERENCE WHICH IS PERCEIVED AS SUGGESTING THAT IRAN IS SOMEWHAT UNTRUSTWORTHY OR CAN BE TREATED AS A SECOND CLASS POWER. WE HEAR FROM ANSARY THAT THIS ISSUE IS BECOMING INCREASINGLY IRRITATING TO SHAH AND HE VERY PROBABLY WILL RAISE IT WITH YOU, FEELING THAT IT IS A MATTER TOO IMPORTANT TO BE LEFT TO TECHNOCRATS. (CF TEHRAN 7123).

SECRET

SECRET

PAGE 03     STATE 190972

(B) SECOND ISSUE IS APPARENT IMPASSE WE HAVE REACHED IN CIEC DELIBERATIONS OVER MAINTENANCE OF PURCHASING POWER AND LDC DEBT RESCHEDULING. IRAN SEES OUR ROLE AS THAT OF STATUS QUO POWER UNWILLING TO TAKE ANY CONCRETE ACTIONS ON THESE PROBLEMS BUT PREFERRING TO STUDY THEM INTERMINABLY. HERE WE HAVE CONFLICT NOT ONLY WITH IRANIAN DESIRE TO REORDER WORLD ECONOMY ON MORE FAVORABLE TERMS

TO ITS OWN INTERESTS, BUT ALSO IRANIAN ASPIRATIONS TO ACT AS A LEADER OF LDC GROUPS ON THESE TWO QUESTIONS.

(C) THIRD ISSUE UNDER THE HEADING OF "US PUSHING IRAN AROUND" HAS TO DO WITH THE WAY WE HANDLE OUR DEFENSE BUSINESS HERE. ALTHOUGH WE CAN OFFER TECHNICAL EXPLANATIONS FOR CORRECTNESS OF MOST OF OUR ACTIONS, WE HAVE NOT BEEN ABLE TO DEAL WITH GROWING IRANIAN FEELING THAT THEIR DEFENSE PURCHASES FROM THE US ARE BEING HANDLED ON AN UNEQUAL BASIS, NOT WITH PARITY AND RESPECT THEY EXPECT IN A SELLER/BUYER RELATIONSHIP. GOI DOES NOT UNDERSTAND WHY, FOR EXAMPLE, INTEREST IS NOT PAID ON FMS FUNDS HELD BY DOD FOR IRANIAN PURCHASES. WE KNOW INTEREST PAYMENTS ARE CONTRARY TO US LAW, AND WE ARE TRYING TO MAKE ARRANGEMENTS WHICH WILL SATISFY IRAN. NEVERTHELESS, WHEN THEY PUT THAT INCIDENT TOGETHER WITH FACT THAT WE DELAYED ISSUANCE SHIP DELIVERIES WHILE REQUIRING ADVANCE PAYMENTS, IT MAKES IRANIANS THINK THEY ARE BEING USED. IT ANNOYS THEM WHEN WE DENY RELEASE OF SOPHISTICATED NEW HARDWARE WHICH IS STANDARD ON PLANES OR SHIPS WE HAVE AGREED TO SELL IRAN. YOU MAY HEAR OF SPECIFIC DEFENSE MATTERS FROM THE SHAH, ESPECIALLY OIL-FOR-ARMS BARTER WHICH MAY BE ONLY MEANS MONEY-SHORT GOI CAN USE TO FINANCE NEW WEAPONS PURCHASES.

(D) THE SHAH IS BY NOW PRETTY WELL CONVINCED THAT WE HAVE BEEN TEASING HIM ALONG ON EFFORTS TO WORK OUT A BILATERAL OIL AGREEMENT OVER THESE MANY MONTHS AND THAT WE ARE REALLY NOT SERIOUS ABOUT TRYING TO FINALIZE AN ARRANGEMENT. NEVERTHELESS HE WILL CONTINUE TO PLAY THE STRING OUT AS LONG AS WE ARE PREPARED TO.

4. SECOND MAJOR ELEMENT IN SHAH'S ATTITUDE IS FEELING  
SECRET

SECRET

PAGE 04 STATE 190972

THAT US IS UNDERGOING CRISIS OF POLITICAL WILL. HE RECOGNIZES EFFECTS ON NATIONAL MORALE OF WATERGATE/VIETNAM TRAUMA AND PECULIAR POLITICAL PROCESS WE MUST UNDERGO DURING ELECTION YEAR. HE HOPES THAT MOOD HE PERCEIVES IN US IS TEMPORARY, BUT GIVEN ATTITUDE OF CONGRESS ON ARMS SALES AND HIS LACK OF FAMILIARITY WITH DEMOCRATIC PARTY LEADERSHIP, HE FEARS, I BELIEVE, OUR CURRENT PREOCCUPATIONS MAY BE LONGER LASTING. AS AN ASIDE, I SHOULD NOTE THAT THE SHAH'S PERCEPTION OF US CONGRESSIONAL ATTITUDE TOWARDS IRAN AND PARTICULARLY IRAN'S DEFENSE BUILD-UP LEADS HIM TO BUY NOW, RATHER THAN WAIT UNTIL ATTITUDES BECOME EVEN MORE DIFFICULT. OF COURSE, THESE PROTECTIVE ACQUISITIONS ONLY EXACERBATE THE PROBLEM WITH CONGRESS AND THE PRESS.

5. SHAH'S PERCEPTION OF US INDECISION AND WEAKNESS COINCIDES WITH HIS VIEW OF MORE DETERMINED SOVIET ATTITUDE TOWARDS MIDDLE EAST AND INDIAN OCEAN REGIONS. (CF TEHRAN 6934). AS YOU KNOW, HE WAS PARTICULARLY DISTURBED BY WESTERN SETBACK IN ANGOLA. HE HAS SIMILAR FEARS FOR LEFTWARD EVOLUTION IN AFRICA GENERALLY, PARTICULARLY ON THE HORN, AS WELL AS HIS LONG-STANDING UNEASINESS ABOUT INSTABILITY IN ARABIAN PENINSULA AND ALONG AFGHAN-PAKISTAN BORDERS. HE WILL PROBABLY ADDRESS THESE MATTERS.

6. ON ARAB QUESTIONS, SHAH IS DEEPLY CONCERNED BY DRIFT IN LEBANESE CRISIS, PARTICULARLY ANY DEVELOPMENT THAT MIGHT ENDANGER ASAD AND LEAD TO HIS DISPLACEMENT BY SYRIAN ELEMENTS MORE FAVORABLE TO IRAQI BAATHISTS. SHAH WILL CERTAINLY SPEAK TO YOU ABOUT HIS FEAR OF A "RED CRESCENT" FORMED BY IRAQ AND SYRIA AND THREATENING JORDAN, EVEN THOUGH YOU HAVE EXCHANGED VIEWS ON THIS SUBJECT IN CONTEXT OF SADAT'S RECENT VISIT HERE. FOR SIMILAR REASONS HE FEARS A PALESTINIAN STATE WHICH COULD EXERT RADICAL PRESSURE FIRST ON JORDAN AND THEN ON SAUDI ARABIA AND THE SMALLER PENINSULA STATES. AS YOU KNOW, HE PLACES HEAVY EMPHASIS ON SADAT'S MODERATING ROLE IN THIS CONJUNCTURE, BUT HE HAS NOT ALTERED HIS RELATIONSHIP TO ISRAEL AND INDEED MAY HAVE MOVED TO STRENGTHEN IT.

SECRET

SECRET

PAGE 05     STATE 190972

7. IN THIS CONNECTION, YOU SHOULD BE AWARE THAT ISRAELI PRIME MINISTER YITZHAK RABIN SECRETLY VISITED THE SHAH IN MID-JULY. HE CAME WITH THE ISRAELI INTELLIGENCE CHIEF, CLANDESTINE ARRANGEMENTS IN IRAN BEING MADE BY SAVAK. THE SECRECY SURROUNDING THE VISIT CAN BE JUDGED BY THE FACT THAT DESPITE MY BEST EFFORTS AT FLYCASTING, I COULD ELICIT NOTHING FROM EITHER THE SHAH OR URI LUBRANI, THE UNOFFICIAL ISRAELI AMBASSADOR, ALTHOUGH THE LATTER WAS GLAD TO TELL ME ABOUT YIGAL ALLON'S VISIT EARLY THIS YEAR. (CF TEHRAN 0085). RABIN'S COMING HERE WAS FOLLOWED ALMOST IMMEDIATELY BY GENERAL TOUFANIAN'S UNEXPECTED VISIT TO ISRAEL, ALSO A RELATIVELY CLANDESTINE EVENT. WHAT THE IRANIANS AND ISRAELIS ARE SPECIFICALLY COOKING UP IN THE ARMS FIELD REMAINS TO BE ASCERTAINED, BUT THE SHAH HAS A COMPLEX GAME GOING WITH BOTH THE ISRAELIS AND THE EGYPTIANS, THE OBVIOUS PURPOSE OF WHICH IS TO EXCHANGE OR AT LEAST HAVE AVAILABLE CERTAIN KINDS OF AMMUNITION AND WEAPONS WHICH ARE NOT SUBJECT TO US CONGRESSIONAL CONTROL OR VETO.

8. THESE ARE THE MAJOR QUESTIONS WE FACE AS I SEE IT.

ALTHOUGH BOTH SIDES RECOGNIZE THERE ARE NO SIMPLE  
ANSWERS, THE SHAH WILL EXPECT AN AUTHORITATIVE UPDATING  
FROM YOU ON U.S. ATTITUDES IN THIS ELECTION YEAR.  
THIS WILL CONSTITUTE THE BEST TONIC WE COULD ADMINISTER  
TO IRANIAN-US RELATIONS AT THIS TIME.  
HELMS UNQUOTE HABIB

SECRET

NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ITINERARY, CAT-C, MINISTERIAL VISITS, BRIEFING MATERIALS, DIPLOMATIC DISCUSSIONS, MILITARY POLICIES, NUCLEAR FUELS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 02 AUG 1976  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** coburnhl  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976STATE190972  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** E:JESSICA EINHORN  
**Enclosure:** n/a  
**Executive Order:** X1  
**Errors:** N/A  
**Film Number:** N760006-0088  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 2  
**Legacy Key:** link1976/newtext/t19760895/aaaadfox.tel  
**Line Count:** 229  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN NODS  
**Original Classification:** SECRET  
**Original Handling Restrictions:** NODIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 5  
**Previous Channel Indicators:** n/a  
**Previous Classification:** SECRET  
**Previous Handling Restrictions:** NODIS  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** coburnhl  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 19 MAY 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <19 MAY 2004 by buchant0>; APPROVED <08 SEP 2004 by coburnhl>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** LOCK1  
**Status:** NATIVE  
**Subject:** YOUR VISIT TO TEHRAN: THE SHAH'S MOOD AND MAJOR ISSUES  
**TAGS:** MILI, IR, US, (KISSINGER, HENRY A), (PAHLAVI, MOHAMMAD REZA)  
**To:** LONDON  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006